

REPORT ON Wireless

• PCS/cellular • mobile satellite • paging • mobile data • mobile radio • fixed services •

Volume 6, Issue 11

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Department soon to initiate call for interest in launching new DBS satellite

Within the next couple of weeks, Industry Canada will initiate a call for expressions of interest to launch and operate a new direct broadcast service (DBS) satellite using the soon-to-be-available broadcasting satellite service (BSS) band (17.3-17.8 GHz). At the beginning of April, the government filed documents with the International Telecommunication Union to gain access to the spectrum at a number of orbital positions.

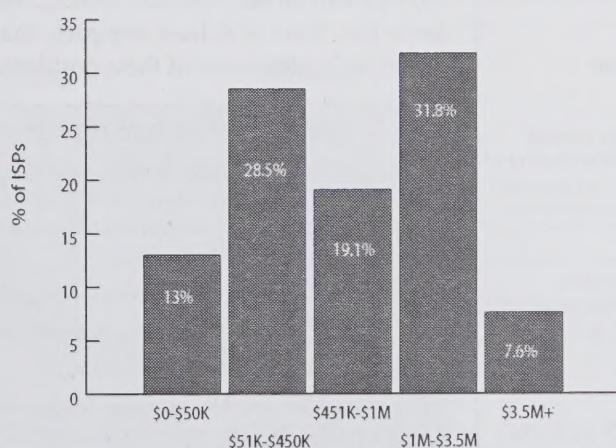
The BSS band was allocated at the *World Radiocommunication Conference* 10 years ago (WARC-92), but stipulations associated with the allocation indicated that the band couldn't be used in the Americas region until April 1, 2007. The Canadian government won't be able to put a satellite into use in that band until that same date.

Canada has already been allocated six DBS orbital positions, one which is currently occupied by the *Nimiq* satellite and a second will soon be filled by Telesat Canada with its *Nimiq 2* bird. Much of the capacity on the second satellite is for satellite TV operator and anchor tenant Bell ExpressVu LP (see box on page 2 for a list of the orbital slots to which the Canadian government has the rights and the ones covered in its ITU filings). These slots were assigned to Canada and are referred to as plan bands.

Under this new plan, Industry Canada has applied for the rights to the 17.3-17.8 GHz band in 14 orbital positions covering the Americas. Nine of the orbital slots in the filings are already under Canadian control and five are new ones. The 70.5

DBS, continued on page 2...

ISP Revenues for Fiscal 2001



As the chart demonstrates, the vast majority of ISPs struggle to earn substantial revenues, with 60.6% of ISPs having less than \$1 million. See article on page 7 for more information.

Source: Industry Framework of Internet Service Providers, POLLARA Inc., March 2002

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Publisher & Editor-in-Chief

Mario Mota (mmota@decima.ca)

Report on Wireless Editor

Perry Hoffman (phoffman@decima.ca)

Canadian NEW MEDIA Editor

Online Services Editor

Jeff Leiper (jleiper@decima.ca)

Network Letter Editor

Paul Park (ppark@decima.ca)

Canadian Communications Reports Editor

Norma Reveler (nrevele@decima.ca)

Subscription Services

Carole Jeffrey (cjeffrey@decima.ca)

EDITORIAL & BUSINESS OFFICES

1800-160 Elgin Street
Ottawa, Ontario
Canada, K2P 2C4
Tel: (613) 230-1984
Fax: (613) 230-9048
Web site: www.decima.ca/publishing
Customer Service: cjeffrey@decima.ca
News Releases: newsdesk@decima.ca

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MARKET RESEARCH DIVISION

Decima Research Inc.

Toronto Office

Dan Kirkland, President & CEO
(416) 962-2013

Ottawa Office

Keith Neuman, Ph.D., Senior Vice President
(613) 230-2013

Montreal Office

Pierre Dupuis, President, Quebec Division
(514) 288-0037

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... DBS, continued from page 1

degrees west and 106.5 degrees west positions are not covered in this new round of applications.

The department will cover all its bases, seeking access to the band not only in some new orbital slots, but existing ones already in Canadian control as well.

"What we try to do is obviously cover the ones where we already have existing satellites, covering all the current planned DBS positions and the existing FSS positions. We have a few other that we thought might also be of interest that would provide good coverage of the Americas, for instance, or at least North America," explains Chantal Beaumier, the department's director of space and international regulatory activities.

By applying for so many orbital positions, the government is trying to provide for as much flexibility as possible in meeting the demands of the industry. "That's part of why we will be seeking responses, expressions of interest, to see first of all if there's an interest, where it would be and for what position," Beaumier states. This is a first-come, first-serve process that kicks in at the ITU, where access to particular slots isn't guaranteed.

"We initiated the process to gain international rights to the positions, but it is still subject to the full international coordination process, and the outcome of that process will determine which positions will be available for Canadian use," she explains.

Overall interest in the new band in these positions has been expressed by just one operator so far, Beaumier admits. "We know that there is at least one party that wants to develop some of these positions,

Canadian Government Orbital Position Holdings

Existing orbital resources

72.5°W - DBS
82°W - DBS
91°W - DBS
107.3°W - FSS
111.1°W - FSS
114.9°W - FSS
118.7°W - FSS
129°W - DBS
138°W - DBS

New positions covered in ITU filings

78°W
85°W
95°W
99°W
103°W

Source: Industry Canada

but at the same we realized that indeed the band would become available and we needed to do some planning ahead of time. So we proceeded not only based on that expression of interest, but what we thought would be the best (option), providing for as much flexibility as possible for any potential interest parties," she tells *Report on Wireless*.

It's uncertain how long the process will take before the Canadian government knows to which slots, if any, it will gain the rights. "That really depends on how many we have to coordinate and what the (level) of interest is. Usually, it is over a period of a few years," Beaumier explains. "It also depends much on the operators because they really carry a lot of the details like technical coordination. (The ITU goes) into a fair bit of detail between operators to sort out if they can operate without causing interference to each other."

RoW

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Your Broadcast Distribution Expert

No other news publication covers Canada's broadcast industry as extensively as *CCR*. It reports on the business, regulatory and technical issues affecting BDUs (i.e. cable & satellite TV), as well as broadcast licensees and the evolution to digital television.

Rogers Wireless introduces click-to-content service simplifying wireless data access

Rogers Wireless Communications Inc. is hoping to make it easier for a broader group of its subscribers to access wireless data services with the introduction of new pound-pound (#-#) technology developed by U.S.-based Infospace Inc. The technology, already in use in some European countries, also allows older handset users to access interactive content and services, allowing Rogers to market the services to its entire digital PCS subscriber base.

Instead of scrolling through text-based menus in the WAP (wireless application protocol) environment, users can now double click the "number" key followed by another number to get access to weather forecasts, sports scores, or movie listings, for example. Once the process is executed, it triggers an SMS response with the desired information. Information such as weather forecasts, sports scores, movie listings, traffic information, and ring tones are available on a pay-per-use basis. Fees will depend on the content.

David Neale, VP of new product development of Rogers Wireless, explains that not only is the opportunity to provide easier access to information compelling, the technology enables Rogers to target a significant portion of its subscribers previously unserved due to handset technology constraints.

"We have lots of phones that we've shipped since 1995 that are digital phones. They're capable of receiving text messages, but they're not necessarily capable of sending text messages," Neale explains. "The whole notion of pound-pound is that it uses a unique network feature that actually allows us to send the request, so 'pound-pound 1' will trigger a return message. And you can send it from any phone, whether it's capable of two-way SMS or not."

This new process for accessing wireless data will also be appealing to older, less technology-savvy users because they won't have to learn something new or "go fishing for menus," Neale states. "There are a lot of people not even familiar with the concept

of SMS, never mind using SMS on the phone. So the cool thing with pound-pound is you don't have to disappear into any phone menus. You just send it directly from your normal phone as if you were dialing a normal phone number."

No concerns over people willing to pay for services

Rogers Wireless is also confident that subscribers will be willing to pay on a pay-per-use basis for traffic information, horoscopes, and weather forecasts. "We've already had very strong evidence there is a value associated to useful content on a demand basis," Neale tells *Report on Wireless*. "Some people would be quite happy to pay 10 cents for a horoscope to be delivered (on the spot) because it's on demand. Also, real time traffic information might be particularly valuable."

Using SMS to provide access to wireless data is a change in direction for Rogers Wireless, which was previously offering pushed-based services. "This is a huge difference from the model that we were using two years ago, the whole notion of subscription," Neale explains. "To be quite honest, there isn't a great deal of information that you really want to see everyday."

Neale says much of the evidence to support the pay-per-use strategy comes from two sources. The significant increases in SMS traffic the company has experienced since the four national wireless operators began allowing inter-carrier text messaging on April 2 and its previous experience using WAP services over its network (RoW, Nov. 13/01).

While specific figures of SMS traffic increase weren't available at press time, Neale states that in the first few weeks following April 2, traffic was increasing 30 per cent week over week. "We've gone to the stage from SMS being something that we saw heavy usage by a small number of people to nowadays, we see literally millions every week, and that's going up," he says.

RoW

Telus Mobility launches 1X wireless network

Telus Mobility has unveiled its 2.5G wireless CDMA-based wireless network, commonly referred to as 1X. With the launch, the company also introduced its *Wireless Velocity* service. Wireless surfing speeds of 144 kbps can be attained but the network offers cruising speeds of about 60 kbps. Telus will offer its 1X services through the LG Electronics TM-520 phone and the Sierra Wireless AirCard 555. In its announcement, the company also unveiled two new partnerships. According to a news release, new alliances with Citrix Systems Inc. and Hewlett-Packard (Canada) Ltd. will provide Telus' corporate customers with an end-to-end mobile computing system.

Bell Mobility offers new pre-paid replenishment service

Bell Mobility is teaming up with Soft Tracks Enterprises and Scotiabank to offer Bell Mobility pre-paid subscribers a new method of topping up their account. The service allows subscribers to simply dial in to replenish their account by linking their bank account to their cell phone account. The payment service is facilitated by the Scotiabank through the subscriber's bank of choice. This is a first in the Canadian market.

Sierra Wireless and Casio to pursue expanded relationship

Sierra Wireless and Casio have agreed to work together on a wireless connectivity system for the North American and European marketplaces. The first order of the working relationship will be to integrate Sierra Wireless' AirCard 555 and AirCard 750 wireless modems into Casio's *Cassiopeia Pocket Manager BE-300*. In the future, the companies will work on developing mobile systems ranging from personal use to the extension of corporate local area networks to field force applications.

RIM's BlackBerry moves into Australian market

Research in Motion Ltd. has signed an exclusive agreement with Telstra Mobile, a mobile operator in Australia, to bring the popular *BlackBerry* wireless handheld to that market. Telstra would be the first operator in the region to offer the *BlackBerry*. Further details on pricing, availability and the official launch will be announced at a later date.

Safety of wireless networks gets major boost

The assurance that wireless networks won't become infected with viruses has been made a little easier as Network Associates has announced the availability of its *Sniffer Mobile* product. The security software works on current cellular and PCS networks as well as future CDMA2000 and W-CDMA network protocols. Network operators can also benefit from the product's ability to manage both TCP/IP-based and mobile communications from one central location.

Wi-LAN receives purchase order for new products

Calgary-based Wi-LAN Inc. has received a \$2.5-million order for its latest product, dubbed the *Ultima3 ER* and *RD*. Wi-Comm United Communications (WCU), a major Wi-LAN product reseller in the Chinese market, has agreed to purchase a series of the company's *AWE 120-58 Ultima3 ER* and *RD* products. Both wireless products operate in the 5.8 GHz frequency range. The 5.8 GHz band is ideal for the Chinese market, since the 2.4 GHz ISM band has been regulated for indoor use only. This latest deal is in addition to a previously announced \$9-million purchase agreement between the two companies.

Mitec Telecom receives \$17-million contract

Mitec Telecom Inc., Montreal, has announced contract wins with three major telecommunications network providers, totalling \$17 million. The contracts call for the delivery of a variety of wireless base station equipment, including 2.5G GSM and CDMA products. The three operators are located in North America, Europe and China.

Airborne Entertainment introduces six new wireless games

Airborne Entertainment has released new next-gen games that include multi-player and multi-level action. The first six titles range from arcade-style to adventure games. Airborne is innovating game play by adding features such as the "Hot Seat" where several players can play on one phone. Players can also initiate live chats with other players while the game is still active. New games are: *BubbleBlast*, *Contamination*, *Engima*, *Magnetron*, *Super Bloc Bloc*, and *Quarantine*. These are J2ME-based games taking advantage of colour capabilities.

Canada Wireless Safety Week –

Canada's wireless lobby confident safe driving message being understood

Recent moves by two Canadian provincial governments to push aside proposed legislation that would ban the use of handheld cell phones while driving is evidence, says Canada's wireless lobby, that its safe driving message is getting through. The Alberta government defeated a private member's bill and the government in Ontario has taken a private member's bill, sponsored by MPP John O'Toole, off the order paper. Newfoundland and Labrador is the only jurisdiction still considering such a ban. It is currently in summer recess and any new action won't be taken until at least the fall.

The Canadian Wireless Telecommunications Association (CWTA) supports the use of hands-free devices while driving, and discourages the use of handheld devices. It urges drivers to pull over if they need to use a handheld phone.

Peter Barnes, CWTA president and CEO, says the issue boils down to driver distraction. "All the provinces and territories have laws on their books that prohibit driving without due care and attention," he explains. "That's really the generic distraction hook that the police can use and do use in some cases."

Despite the recent government action, there is mounting, if contradictory, evidence that talking on cell phones while driving does increase the chances of causing or getting into an accident. The Traffic Injury Research Foundation (TIRF) and the University of Montreal recently released studies indicating heavy cell phone users have 38 per cent more accidents.

Barnes says the mainstream press has bandied about this figure, but the papers aren't telling the whole picture. What they also forget to mention is that "light cell phone users have no more accidents than non-cell phone users," he tells *Report on Wireless*.

The TIRF presents some interesting figures on public perception of cell phone use while driving, but it doesn't really

present any concrete evidence that cell phone use causes a higher percentage of accidents than other distractions. Barnes notes that some of its findings, in fact, seem to support the CWTA's position that cell phones present no more greater risk to driver distraction than other distractions such as adjusting the radio/CD player or disciplining children in the backseat.

The TIRF report indicates that a study for the American Automobile Association Foundation for Traffic Safety found that after examining the detailed crash records of 32,000 drivers, using/dialing a cell phone accounted for 1.5 per cent of reported distractions. That compares to 29.4 per cent for events outside of the vehicle, 11.4 per cent for adjusting the radio/tape/CD player, and 10.9 per cent for interacting with other occupants of the vehicle.

More recently, Transport Canada released a study that demonstrated the use of hands-free devices might not be as safe as previously believed. By asking drivers increasingly difficult questions, the study proved that drivers spend less time paying attention to the road and other driving functions.

Comprehensive studies show cell phone use has little effect

Barnes discounts much of the evidence that has been presented lately on the subject, saying the studies are really only skimming the key issues. Of the Transport Canada study, he says it dealt with primarily the differences between handheld and hands-free devices and the sample size was too small to be considered an accurate assessment. He points to two studies conducted in the United States that get to the heart of the issue, which is how many accidents were caused by drivers being distracted by cell phone use.

These two broader studies were carried out in the last few months – one by the State of Pennsylvania, the other by the

Safe driving, continued on page 5...

University of North Carolina on behalf of the American Automobile Association. Both of them delved into the root causes of accidents by first looking at the causes, then identifying distractions, then ultimately ranking each distraction.

In both studies, accidents attributed to cell phone use were below the five per cent mark. "So that just reinforces our view that the issue is driver distraction," Barnes says.

The wireless industry's top lobbyist admits that it is a challenge sometimes to fight public perception. The TIRF report indicates that 49.9 per cent of Canadians believe there should be a ban on cell phones while driving.

The CWTA currently uses a combination of a public service announcement and a video entitled *Driven to Distraction* to give drivers safety tips. Barnes says there has been considerable success with the video as it is now currently running in every Daimler Chrysler dealership in the country. Additionally, the Quebec government's

TV educational authority has made the video available to all teachers across the province.

Educating young drivers is probably the biggest opportunity to get the right message out, Barnes notes. "Education is a longer-term issue, and we're working on getting it in the driving schools, as part of our alliance with Young Drivers of Canada," he says.

The CWTA's safe driving message has remained the same for the past several years, and Barnes has no plans to revisit it, despite the emergence of a whole gamut of new in-vehicle electronics products. "The generic message is the same," he explains. "When you're behind the wheel, your first responsibility is to drive safely."

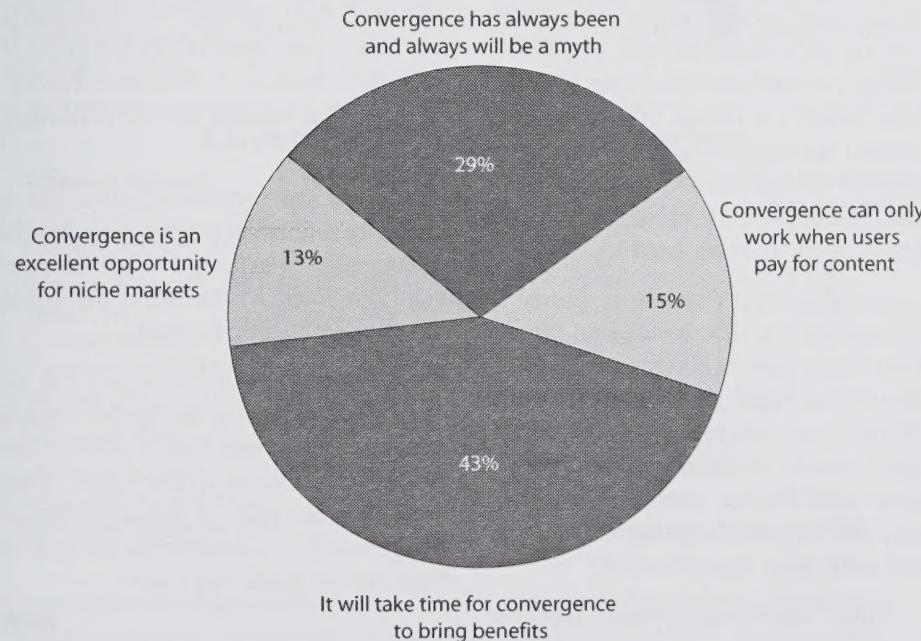
"All of those of things, whether it be disciplining children in the backseat or conducting a business deal with a passenger or on the phone or looking at a map on a GPS screen or whether it's a paper version, that's not the time for it," he states.

RoW

Decima Publishing May 2002 Reader Poll

In light of market pressure on such large media conglomerates as BCE and AOL Time Warner, skeptics are predicting the end of convergence. Last month, Decima Publishing asked its readers about the future of convergence strategies such as those implemented by BCE and AOL Time Warner. As can be expected, nearly half of respondents indicated that it would take time for convergence to bring any benefits.

Would you agree that ...



fSONA releases new product for wireless market

fSONA Communications has introduced a new free-space optics product aimed at the wireless carrier backhaul market. The SONAbeam 52-M addresses the need of increased bandwidth for carriers when they migrate from current network architectures to next-generation 3G technologies. Predictions point to a tripling of cell sites over the next five years as more carriers, especially in Europe and Asia, introduce more 3G systems. Consequently, the backhaul for these networks will need to be scalable to adapt to this growing demand for bandwidth. Wireless operators are challenged with trying to minimize capital spending while supporting migration to next-gen services.

Action Radio acquires assets of Elyps Dispatch

Action Radio Solutions Inc., Montreal, has acquired all of the assets of Elyps Dispatch Solutions Inc. Elyps operates a radio communications network serving mobile workers at various companies and public utilities. "We have a firmly established clientele, highly competent personnel, reliable partners and a really solid financial situation," Action Radio chair of the board of directors Christian Paupe said in a news release.

Handset sales to double

Handset sales are expected to nearly double over the next four years, according to a study by In-Stat/MDR. Actual sales will increase from US\$60 billion this year to more than US\$100 billion in 2006. Last year, sales of handsets experienced difficulties related to overproduction, delays in releasing newer handsets and a faltering worldwide economy. The research group states that before sales can reach previous levels, handsets will have to be reasonably priced, have a colour display, be intuitive in operation, contain multi-function GPS capabilities, have multi-band roaming and have the ability to replace a cordless phone in both the home and the office. In-Stat/MDR also notes that content is key. "While voice will continue to drive the worldwide market for the foreseeable future, data can help drive handset sales, not to mention margins, as well as carriers' average revenue per user (ARPU) upward. This is contingent, however, on whether the content and price are right, which they currently are not."

Psiion Teklogix expands portable computer line

Psiion Teklogix has expanded its 8500 Series of rugged wireless computers, adding the 8560 wireless tablet that can be used in both fixed and vehicle-mounted configurations.

Financial executives prefer cell phones, says study

A new study by RHI Management Resources indicates that most CFOs prefer using cell phones while on the go. While cell phones topped the list of gadgets at 42%, laptop computers came in second at 30%. PDAs came in third, while desktop computers and pagers rounded out the list, in fourth and fifth respectively.

Redline sells more broadband equipment in United States

Redline Communications Inc. has signed a supply agreement with Maika'i Systems of Hawaii. The Toronto-area company will supply systems, which will be used to support backhaul of high-speed voice, video and data traffic. It will also provide disaster recovery communications services. The deal was announced at the SUPERCOMM trade show and exhibition in Atlanta GA.

IceFyre selects Nearson antennas for evaluation kit

Ottawa-based IceFyre Semiconductor has come to a supply agreement with Nearson Inc. Nearson will provide IceFyre with 5 GHz antenna technology for use in wireless local area network evaluation boards and reference designs. IceFyre began developing a partner program earlier this year to provide full-product systems to its customers. The addition of Nearson to its partner program enables the company to offer antennas from one of the antenna market leaders (RoW, Aug. 21/01).

MDSI licenses North American public safety business

MDSI Mobile Data Solutions Inc. has announced that its U.S. subsidiary has licensed its public safety products to Datamaxx Applied Technologies Inc. The Florida-based firm gains North American rights to the technology and non-exclusive rights to the technology outside of North America. Under terms of the deal, MDSI will assign Datamaxx its existing contracts in the public safety market in North America.

Federal Cabinet rules against satellite users in fight against contribution regime

Telesat Canada is displeased at a recent federal Cabinet decision turning down an appeal of the contribution regime requiring the satellite operator to pay contribution fees on revenue earned from broadcasters. The decision puts to rest the contentious issue that has dragged on for more than a year, which saw Telesat pass the surcharge on to its broadcasting clients. The Canadian Association of Broadcasters (CAB), the Canadian Satellite Users' Association, and Star Choice Television Network Inc. launched the appeal last August (RoW, Oct. 15/01).

The issue boiled down to whether broadcasters should be required to support local telephone service in high-cost serving areas. The broadcasting community felt that since it is already subject to supporting policies under the *Broadcasting Act*, it shouldn't also be forced to pay for telecommunications objectives under the *Telecommunications Act*.

In the original contribution decision (CRTC 2000-745), the CRTC applied the definition of telecommunications services without necessarily making the connection with the *Broadcasting Act*, explains Bob Power, VP regulatory matters at Telesat. "(It) looked at the broader definition of telecommunications services and decided (it) couldn't see a clear exception, an exemption for the broadcasters as being justified."

In the Cabinet petition, supported by Telesat, "we put that question in front of the federal government, and said 'this doesn't look right', and (it) decided not to address that particular aspect of our petition," he adds. "It's the third time that we've gone to bat for our customers to try and keep this levy from applying to them (...) and come away empty handed."

While Telesat has expressed disappoint-

ment with the May 31 ruling, wireless companies were satisfied there wasn't any special exemption made for the country's sole satellite operator and BCE Inc. subsidiary. Dawn Hunt, VP regulatory and government affairs at Rogers Wireless Communications Inc., is pleased that the federal Cabinet came to the same conclusion as the CRTC did in denying Telesat's *Review and Vary petition* last year in *Order CRTC 2001-435* (RoW, June 11/01 and March 5/01).

"Our position was that we didn't think it was appropriate that there be any carve-outs and if there was going to be any carve-outs, wireless should be carved out as well," Hunt tells *Report on Wireless*. "The basis of the CAB (*et al.*) appeal was 'let's take a piece out of the group of companies that have to pay the contribution', and we didn't think that was appropriate."

The Cabinet decision can be seen as positive news for the wireless industry, though in reality won't have much of an impact on the contribution levies required by the carriers. "There

wasn't a lot of money coming from (Telesat)," Hunt explains. "So in relation to the bigger contributors, it's not going to make that much of a difference, particularly this year because the rate is sitting at 1.4 per cent."

The 1.4 per cent contribution rate is currently an interim rate for 2002, but the commission is expected to set the final contribution tax by the end of this month or early next month, Hunt adds.

However, Hunt is concerned that revised loop cost studies, filed by Bell Canada and Telus Corp. may have a negative impact on contribution in the future. "If accepted on face value as they have filed, it would result in a substantial increase in contribution rates," she notes.

"Our position was that we didn't think it was appropriate that there be any carve-outs and if there was going to be any carve-outs, wireless should be carved out as well."

Dawn Hunt
Rogers Wireless

Wireless access leads charge in growth of Internet services, new study shows

More than a third of Canadian Internet service providers (ISPs) will be offering wireless access to the Internet within the next 18 months, growing from the current level of about one-quarter, a new study indicates. *Industry Framework of Internet Service Providers*, commissioned by Industry Canada's telecommunications policy branch and the Canadian Association of Internet Providers (CAIP), shows that by the end of next year, about 35 per cent of all Canadian ISPs will be offering wireless access to the global communications network.

The report, presented to Industry Canada at the end of March and made public last week by CAIP, highlighted the current regulatory and financial plight of ISPs, particularly small- and medium-sized ones. Of all Internet providers, 44 per cent have only one to five employees.

"The goal of this study should be to guide policy to ensure that the challenges do not ultimately create a predatory competitive environment for small and medium ISPs," the report indicates. "Such ISPs comprise the lion's share of this sector and provide affordable Internet service to many Canadian businesses and households."

The study, conducted by research firm POLLARA, indicates that of the estimated 940 ISPs in the country, 24 per cent are offering wireless access. For the purposes of the study, wireless is defined as cellular/

PCS, satellite, MDS and/or LMCS. The study also shows that another 11 per cent of ISPs will begin to offer wireless Internet access, bringing the total number of wireless ISPs to approximately 35 per cent (see table below for complete list). According to POLLARA's research, 4.5 per cent of all ISP subscribers access the Internet wirelessly.

Wireless tops the list of future services with voice over IP (eight per cent) and e-commerce applications and hosting (five per cent) coming in second and third, respectively.

While the numbers seem to present a rosy picture for the future of wireless Internet services in Canada, the study also notes that the vast majority of Internet providers are struggling to meet financial obligations. According to the research, more than 60 per cent of ISPs have revenue of less than \$1 million. Additionally, 20 per cent of ISPs are operating at a loss and nearly 40 per cent of them have margins of less than six per cent.

The study also highlighted some of the major challenges ISPs are facing. The most common challenge was dealing with large network providers, which can be broken down into sub-categories: unfair competition and pricing on the part of large ISPs, and costs and difficulties associated with accessing the networks of telcos, cablecos and backbone Internet service providers.

Row

Current and future ISP service offerings

Types of service	New services in 18 months	Currently provides service	Total (planning and currently)
Newer services			
Wireless Internet	11%	24%	35%
Voice over IP	8%	15%	23%
E-commerce/hosting	5%	54%	59%
E-commerce credit	2%	29%	31%
Security (PKI)	2%	12%	14%
Other services			
Web site hosting	1%	76%	77%
Web design/consulting	1%	64%	65%
Software/hardware sales	1%	49%	50%

Source: *Industry Framework of Internet Service Providers*, POLLARA Inc., March 2002

People On The Move

Mitec Telecom Inc. has accepted the resignation of three members of its board of directors. Lionel Hurtubise, Bjorn Ohde and Sven Borgstrom tendered their resignations May 31. No reasons were given for their departure.

David Grooms has taken over as CEO of Ottawa-based Zucotto Wireless Inc., replacing Mark Wells who will become the company's chair of the board of directors and chief strategist. Grooms is the former president of Kyocera America Inc. In his new capacity at Zucotto, he will be charged with leading the company's expansion into the Java-based wireless device market. Most recently, Grooms served as president and CEO of Shellcase Inc., a manufacturer of chip-sized semiconductor packing products.

E-business systems integrator Burntsand Inc. has announced the retirement of president and CEO Paul Bertin. He will officially retire at the end of June. Jim Yeates, chair of the board of directors, will reassume the role of CEO. The board anticipates appointing him president and CEO within the next quarter. Bertin, who helped found Burntsand six and a half years ago, will remain on the board.

Rick Basko has been appointed GM of the Mobile Computing Corp. (MCC) mobile computing division, as part of the company's restructuring efforts. He was formerly VP of operations within the division and has been with MCC for the past six years. Victor Foster will continue as president and GM of the distribution systems division. The interim executive committee is currently searching for a new CEO to lead the company through its new phase of operations.

Steve Goodman has joined Seaway Networks as VP marketing and business development. Most recently, he held a similar position at Spacebridge Semiconductor, a Gatineau QC-based company he helped found.

Atsana Semiconductor has named Alex Luepp as its president and CEO. Luepp comes to Atsana from 3dfx Interactive, where he was also president and CEO. He previously held the same positions for six years with Siemens Microelectronics.

House of Reps criticizes federal agencies' stalling tactics

A U.S. House of Representatives panel has leveled some harsh criticism at a number of federal agencies over their stalling tactics in approving the use of ultra wide-band (UWB) technology. "I watched certain government bureaucrats and certain industries try their absolute best to stifle this new technology," Rep. Billy Tauzin said to witnesses from the Federal Communications Commission and the National Telecommunications and Information Administration. In February, the FCC approved amendments to its *Part 15* rules to permit UWB devices to operate on an unlicensed basis under limited conditions.

3G Americas group focuses on UMTS vision next-gen

The coalition of North American digital wireless phone carriers and vendors, 3G Americas, has thrown its support behind the UMTS Forum's vision for a worldwide interoperability standard. While the majority of 3G development going on in the U.S. supports CDMA-based technology, Europe and Asia have chosen to go with GSM. This new agreement could have dramatic effects on the American wireless market, dominated by CDMA technology, which could lose out on lucrative international roaming agreements because the two technologies are incompatible.

INTERNATIONAL NEWS BRIEFS

Third-generation growth slower in next five years

New market research indicates that growth of third-generation telecommunications firms will be significantly slower over the next five years. The World Markets Research Centre (WMRC) projects that there will be 84.1 million 3G subscribers in Western Europe by the end of 2007, generating revenue of US\$36.3 billion. Voice services, SMS and multimedia messaging, infotainment and Internet access will be the primary revenue sources. However, this figure is 15% lower than current market predictions of US\$42.3 billion published by *UMTS Forum and Telecompetition* last August. WMRC believes that only 27% of all mobile subscribers will have a 3G phone, one-third less than the current figures of about 40%, presented by UMTS Forum.

Microsoft closes doors on Swedish mobile business

Microsoft Corp. is shutting the doors on its Mobile Internet business unit in Stockholm Sweden, according to Adam Anger, lead business manager of the company's Mobility Group. The company decided to close the unit because it has integrated mobile Internet software into its products.

Total cost for PDA can run \$3,000, says Gartner

The total cost of ownership (TCO) for a PDA can run companies US\$3,000 per user, according to a new study by Gartner Inc. At a conference next week, the research firm will examine mobile trends at its *Gartner Mobile Business and Technology 2002 Conference* in Denmark. The group's research demonstrates that TCO for a wireless device will mostly add additional hardware, software and service costs on a per-user basis compared to mobile devices. The cost increases when making wireless devices mobile, increasing the TCO to US\$4,392.

Wireless Internet future rests on youth market

The youth and upscale market segments, which tend to be more technology savvy, will drive future demand for third-generation wireless services, according to findings from Taylor Nelson Sofres (TNS). The market research firm predicts that marketers who concentrate on the youth and affluent population segments will have the best chance of capturing a significant portion of the wireless Internet market. According to a TNS survey of Internet users and mobile phone owners in 30 countries around the world, 25% of American consumers, 26% in Eastern Europe and 22% in Western Europe possess a "high" interest level in 3G applications.

EDITORIAL

When Telus Mobility went live with its 1X 2.5G wireless network earlier this month, it marked a watershed event in the history of the Canadian wireless industry. All four national operators are now offering 2.5G services, and residents in nearly every major centre in the country can subscribe to them.

While the date June 3 (the day Telus announced 1X commercial availability) probably won't go into the annals of Canadian wireless telecommunications history, this year will surely be remembered as the beginning of 3G market testing.

Not only will the operators be evaluating consumers' appetite for the types of content available, they will also be examining subscribers' willingness to pay for content.

It is true that all four carriers have begun to offer a wide variety of entertainment, general interest, and financial information to its subscribers – a strategy that seems to be paying off. According to their statistics, wireless data usage is on the rise. While it's still too early to see a noticeable increase in ARPU in the next few quarters, wireless data will certainly begin to show

a positive impact on revenue per subscriber in future.

But the key to the success of wireless data is getting the pricing right and providing it in a manner in which consumers are willing to pay for. It appears, however, that on-demand services are winning out over pushed-based subscription services.

Whatever model employed in the early days of 2.5G, carriers are now offering unlimited data packages for about \$50/month. Others are offering pay-per-use fees for on-demand content like horoscopes and traffic information (see article on Rogers Wireless'

new pound-pound offering on page 3).

This exercise will hopefully give the operators the evidence they need to correctly price access to wireless data applications and services.

As the carriers begin to set the stage for future 3G data services, the race is now on to see which one of them comes up with the winning model.

Perry Hoffman
Editor